

**BOARD OF FINANCE
MINUTES
October 14, 2010**

CALL TO ORDER

Vice-Chairman Mark E. Smith called the Board of Finance meeting to order at 7:04 p.m. at the Town Hall, Trumbull, Connecticut. All those present joined in the Pledge of Allegiance.

Members present and absent were as follows:

PRESENT

Vice-Chairman Mark E. Smith
William A. Crooks
Steven C. Lupien
Andrew Palo
Alternate Perry Molinoff
Alternate Dana Misner

ABSENT

Chairman Ken Martin, Jr.
Tom Tesoro
Alternate Alex Remson

Also Present: First Selectman Timothy M. Herbst, Maria Pires, Director of Finance, Dan Nelson, Chief of Staff, Ms. Mary Moran Tax Collector, Mr. James Henderson, Internal Auditor, Mr. Ponzio, Treasurer, Mary Ellen Lemay, Chairman of the Conservation Commission, Mr. Ennie DeVita, WPCA Commissioner, Stephen Savarese Town Engineer and Mr. Block of Tighe & Bond.

* Alternates Perry Molinoff and Dana Misner will be voting at this meeting.

PUBLIC COMMENTS:

No one was present from the public

Approval of Minutes - September 16, 2010:

Mr. Lupien moved, seconded by Mr. Crooks to amend the September 16, 2010 meeting minutes.

Mr. Palo proposed the following amendments:

Page 2, under the heading **Town Treasurer's Report** to read as, "There were \$22 million of new BANS, but paid off \$15 million of old BANS add that to the \$22-23 million in bonds is how the \$30 million is referenced", (striking the word bands and replacing it with BANS).

Page 3, under the heading **Internal Auditor's Report**, fourth paragraph, first line to read as, "In response to a question from Mr. Smith, Mr. Henderson **stated** that some of the events that take place at the Senior Center are paid for by the participants, they vary in cost", (inserting the word **stated** after Mr. Henderson).

Page 5, under the heading **WPCA Assessment Reduction of \$2.1 million**, fourth paragraph to read as, "There is a second account the **20** account that the user fees go into the **20** account only", (deleting the number 29 and inserting the number 20 in both places).

Page 7, fourth paragraph to read as, "In response to a question from Mr. Palo, Ms. Pulie explained the handout distributed at this meeting coding as follows: the orange lines indicate areas sewered; green line indicates cross country lines; there was over 10,000' of cross country. **The current Nichols project**

there are cross country lines but not as many as the district 1 project", (inserting the additional sentence The current Nichols project there are cross country lines but not as many as contract 3).

Page 10, last paragraph to read as, "Mr. Molinoff stated that it would make for clean accounting to have all of the attorneys' fees in one account not creating individual accounts for one time events and that he was in support of the Commission's item but was not in support of where the funding was the item of business from the General Fund".

VOTE: Motion to amend carried unanimously 6-0.

VOTE: Moved by Mr. Lupien, seconded by Mr. Palo to accept the September 16, 2010 minutes as amended carried 5-0-1 (Abstention: Lupien).

TOWN TREASURER'S REPORT:

Mr. Ponzio stated that the Merrill Lynch investments are doing very well due to the current increase in the refinancing market. The town is receiving 2.35% on those investments. The \$587,000 is being reinvested in Fanny Maes and Freddy Macs as well as the total amount of \$4.1 million. TD Bank is the town's main depository bank; the town has established a relationship relative to a treasury direct program where all tax collections checks are now being scanned, therefore allowing for immediate investment and access to the funds. This has been working very well; the goal is that by the end of the year, sewer assessments, car taxes and real-estate tax collections will all be on this program. Mr. Ponzio is waiting for the September reconciliations before the town commits to the program. If September goes well they will move forward adding the other tax collection checks to the check scanning program. There is a fee for the program it has been negotiated to either go down with the rates or go up as the rates go up; \$10.8 million is being left as a balance with no fees. The town will be paying 2.5 cents per check scanned. There is on-line access, the ability to wire funds; transfer funds within TD accounts; all of these options are available electronically as opposed to only being able to do by fax or telephone previously. Fairfield County Bank is place that Mr. Ponzio is looking to move funds out of due to lower rates, anticipating moving the funds to the STIF (short term investment fund). \$27,000-\$28,000 was taken in on the BANS and Bond sale of September 9, 2010, which is not reflected in the interest numbers reported at this meeting. Interest income will increase in the full month of October. The \$350,000 budgeted for interest income will be a difficult number to meet due to current climate; \$200,000-\$250,000 would be a more likely outcome. Mr. Lupien requested the run rate to budget; Mr. Ponzio stated that is not done by a linear equation. That budget was an annual number not on a monthly or quarterly basis. The town is paying 2.5 cents per check for the scanning, there was a cost for depositing the checks without scanning them but had been waived due to the amount of funds the town had with TD Bank. It is not known if the earlier access to the funds will negate the cost associated with scanning the checks yet, it is anticipated with the real estate, sewer assessment and car taxes that the town will scan between \$80,000 to \$100,000 checks. More people are paying on-line, which is paid by check from the banks on an individual basis, the town is scanning all of those checks as well.

Mr. Crooks stated that the Director of Finance is required to project interest income for the year. Mr. Ponzio stated that projection of interest income could be provided by the December 2010 or the January 2011 meeting. Mr. Ponzio would like to wait and see what the Treasury Auction, the BANS and Bond sale bring before the projection is provided; noting that those are two (2) major items to consider. It was not anticipated that the Treasury Auction would affect rates by 20-30%, which it very well might. If the projection is provided in January that would be a six month time period. Mr. Crooks extended his gratitude to Mr. Ponzio for expanding the report as requested.

Mr. Lupien moved, seconded by Mr. Crooks to accept the Treasurer's Report.
VOTE: Motion carried unanimously.

INTERNAL AUDITOR'S REPORT:

Mr. James Henderson updated the Board of Finance that he would be moving on to looking at health insurance. Mr. Henderson has been in contact with the Agent of Record and has had some preliminary discussions. A conference call will take place tomorrow with himself, the Agent of Record and the Human Resource Director. The process would start in January 2011 and would expect it to take a few months to complete. In the mean time Policies and Procedures discussions and meetings have taken place with himself and the Assistant Director of Finance. Mr. Henderson will subsequently involve the Chief of Staff and the Human Resource Director on various policies that are needed and review what is already in place. In addition to the Policies and Procedures, Mr. Henderson will follow up in the next thirty days on the original Cash Handling Audit done in the summer. Packets were sent out today to various areas in town and will awaiting their responses and will then go back to review the recommendations and how they were put into place.

In response to Mr. Crooks, Mr. Henderson agreed that the major health insurance companies do an audit on students who are over eighteen (18) years of age. Mr. Henderson will be in contact with them to see what their methods are and to see that they are as tight as can be with regard to confirming who are still eligible. Mr. Henderson stated that it would be the primary focus into the health insurance audit as well as spouses. The other focus will be to look at open enrollment annually. Health insurance waivers will be looked at as well.

Mr. Molinoff suggested that the history of bidding and re-bidding be reviewed with regard to having been done in a timely manner. Mr. Henderson agreed and noted that that the BoE has a different broker than the town, suggesting that the same broker be used for both the BoE and the town. Mr. Henderson stated that the Internal Auditor Reports had been added to the town web-site as of 3-4 days prior to this meeting.

FISCAL YEAR 2010-11 SUPPLEMENTALS:

10-14-01	APPROPRIATION	FROM:	AVAILABLE GEN. FUND BAL.	1,500
	TOWN HALL			
	2010-2011 BUDGET	TO:	01013800-522208	1,500
			TOWN HALL CONTRIBUTIONS	

Moved by Mr. Palo, seconded by Mr. Lupien.

Ms. Mary Ellen Lemay of 50 Turkey Meadow Road and Chairman of the Conservation Commission were present. Ms. Lemay explained that the item is a request for a donation to the Southwest Conservation District in the amount of \$1,500. The District is a 501C3 non-profit organization that provides environmental technical services to municipalities' residents. They get funding from different sources, one is municipality contributions in the amount of \$1,500, another is the DEP and from fees for land-use applications within towns. The town of Trumbull has used the Southwest Conservation district for the past three years; Ms. Lemay reviewed a copy of all work done by the district for the town of Trumbull since 2007 with the Board of Finance.(See Attached). The District is made up of two people and is managed by a Board of Directors, which Ms Lemay serves on. For the past two years. The town of Trumbull has made one contribution to the Southwest District to date. The Town Engineer

requested three reports in 2008. In 2009 a donation had been approved by the previous Director of Finance and First Selectman, but the check had never been applied to the account. Ms. Lemay requested that the donation be included in the Conservation Commission's annual budget in the next fiscal year in lieu of coming for a supplemental every year.

Mr. Lupien noted that the Board of Finance can not add a line to the budget; that would need to be done at the First Selectman's level in the budget process. Ms. Pires stated that the request to include the donation as a line item in the budget would be noted for the next fiscal year. Ms. Pires explained that the contribution line item in the current fiscal year budget would not have \$1,500 available; all funds in the line item are accounted for.

Mr. Crooks stated that it would be possible to use the contribution account and to come at a later date for a supplemental. Mr. Lupien agreed. Mr. Crooks noted that the current administration was not aware of this line item that it had not included in the budget by the previous administration. Mr. Lupien stated that it was a fair statement. Ms. Lemay clarified that she was only asking for \$1,500; not the 2009 donation that had not been applied to the account.

Mr. Smith stated that this item would be withdrawn without prejudice with the understanding that it would be drawn from the current budget's contribution line item and if necessary would come back at a later date for a supplemental. First Selectman Herbst and Ms. Pires agreed to withdraw the item.

10-14-01 Withdrawn

DISCUSSION ITEM:

Mary Moran, Tax Collector's letter – Being reviewed as part of the Capital Improvement Plan.

Ms. Moran was present to explain that there is a security issue in the Tax Collector's office, partitions and/or security cameras are needed. Ms. Moran noted that discussions with the previous Director of Public works had taken place. The Engineering Department has drawn plans for the partitions and the plans have been included in the 5-Year capital Plan. The current Director of Public works agrees with the plan. First Selectman Herbst stated that this item will be a priority in the 5-Year Capital Plan, there is a comprehensive plan needed for all of the town buildings. Ms. Pires stated that the comprehensive town-wide plan will be ready for this fiscal year.

The Vice-Chairman called a recess at 8:02 p.m.

The Vice-Chairman called the meeting back to order at 8:07 p.m.

ADDENDUM FISCAL YEAR 2010-2011 SUPPLEMENTALS

10-14-02	APPROPRIATION	FROM:	20-315200	2,500
	WPCA		RETAINED EARNINGS	
		TO:	20100000-522202	
			PROFESSIONAL SERVICES	

CCR one additional day of on-site

Inspection of Contract 4

Moved by Mr. Palo, seconded by Mr. Lupien.

Ms. Pires explained that CCR had done the forensic audit; while doing so it was determined that it was necessary to look at contract 4 to see if it was going as planned after discovering certain defects in contract 3. The additional \$2,500 is an additional day of on-site inspections of contract 4.

First Selectman Herbst explained that the purpose of CCR was to audit contract 3, CCR subcontracted the inspection work out to the Beta Group, based upon the audit results of contract 3 and its defects; CCR wanted to send the subcontracted group out into the field unannounced to examine the methods of the inspectors and to see if the project matched or did not match the as built plans.

Ms. Pires confirmed for Mr. Palo that the services have been paid to date. Mr. Crooks had requested the Retained Earnings Report distributed to the Board of Finance. Ms. Pires reviewed the report of the fund 20 with the BoF members, the beginning balance of the Retained Earnings is \$2,064,115 if the 3 addendum items are approved there would be a supplemental appropriation of \$61,175 leaving a the new balance of \$2,002,940.

Mr. Crooks noted that item was dated 06/30/10. Ms. Pires stated that the work was performed in July 2010.

First Selectman Herbst stated that the Vice-President of the Beta Group had come down to Trumbull and spent an entire day inspecting certain areas of contract 4 and billed by the hour because it was outside of the scope based upon the recommendations of the forensic audit.

Mr. Crooks noted that this item should have been on the BoF August agenda if the work was performed in July 2010. Ms. Pires clarified that the WPCA needed to approve it first before coming to the Board of Finance, noting concern of the timeliness of requests that come before the board. Ms. Pires stated that documentation to all of the boards and commissions and department heads is being written stating that agenda items are required to be made by the Monday before the agenda is to be mailed out or the request will not be included on the agenda. First Selectman Herbst explained that the Director of Finance has to rely on department heads to submit their documentation and requests by a date certain so that the Board of Finance has enough time to due its due diligence The process of ensuring this schedule is adhered to has been started.

VOTE: Motion carried unanimously 6-0.

10-14-03	APPROPRIATION	FROM:	20-315200	1,175
			RETAINED EARNINGS	
		TO:	20100000-522202	1,175
			PROFESSIONAL SERVICES	
			Additional Town's share to the DEP Clean Water fund grant	

Moved by Mr. Palo, seconded by Mr. Crooks.

Ms. Pires explained that there is a state grant with the DEP to perform a feasibility study to build a waste water plant, the share of the town at one time was \$85,000 it had been increased to \$86,175. It had been approved by the Town Council at the November 5, 2009 meeting in the amount of \$85,000. The total project cost was \$191,500, the towns share is 55%, \$86, 175, the difference is \$1,175.

Mr. Crooks noted that this was approved as \$85,000 and it was the lowest of five bids not the \$191,500. Ms. Pires noted that the grant increased their share. Mr. Savarese explained that it was a sole bid for \$85,000, part of the scope of services was to obtain a grant, they thought the grant was there and we were fortunate as a community that the was able to get the grant funding. It went through the WPCA step by step things were added to the contract utilizing Wright Pierce and they are still working for them now. The \$85,000 was funded from the 20 account. The III (Infiltration and Inflow) study was not included. Ms. Pires stated that \$85,000 was for the study the \$191,500 is the based on what grant will be available to use.

First Selectman Herbst stated that the study is important for the II, it is a very complex issue, focus groups will be put together made up of the BoF, Town Council, P&Z and WPCA members to determine what is in the Town's best interest with regard to quality of life and financial standpoints. Regionalizing the sewer system is a very big step which needs discussion vs. building our own plant. If we decide not to regionalize with Bridgeport is there another city Trumbull can regionalize with. This is where the study has expanded; it is a very complex issue and wants to make sure that Trumbull has facts in hand in order to make these decisions.

Ms. Pires confirmed for Mr. Crooks that the \$85,000 has been paid to date, not the \$1,175.

Mr. Crooks stated that the \$85,000 was approved and none of this additional information was part of that approval.

In response to Mr. Crooks, Ms. Pires stated as far as she knows the \$1,175 has not been paid, and will look at it to make sure it is not a reclassification. A journal may have to be done.

VOTE: Motion carried unanimously.

10-14-04	APPROPRIATION	FROM:	20-315200	57,500
			RETAINED EARNINGS	
		TO:	20100000-522202	57,500
			PROFESSIONAL SERVICES	

Moved by Mr. Palo, seconded by Mr. Lupien.

By unanimous consent the BoF members agreed to correct the item # to read as, "10-14-04" from 10-14-03.

Mr. Stephen Savarese Town Engineer who also serves as the administrator for the Sewer Commission was present. Mr. Savarese stated that there is a need for the commission to look more deeply into the Jog Hill contract 3 project; there are latent deficiencies, further investigation is needed.

Mr. Smith moved, seconded by Mr. Lupien to add Executive Session to the Agenda.
VOTE: Motion carried unanimously 6-0.

Moved by Mr. Palo, seconded by Ms. Misner to enter Executive Session for the purpose of potential litigation discussion with BoF members, Mr. Smith, Mr. Palo, Mr. Crooks, Ms. Misner, Mr. Lupien, Mr. Molinoff, First Selectman Timothy M. Herbst, Chief of Staff Daniel Nelson, Finance Director, Maria Pires, WPCA Commissioner Mr. Ennie DeVita, Town Engineer Stephen Savarese, Tighe & Bond Representative, Mr. Block present.

Mr. Molinoff spoke against going into executive session, citing that any discussion necessary to consider the approval of the money requires executive session., executive session is a very high bar to meet in order to be able to enter into Executive Session, if at a certain point in discussion that they reach the point for legal reasons that the public can not hear the discussion, that is when the executive session should invoked, not based on the potential of that discussion.

VOTE: Motion Failed 3-3- (Against: Lupien, Crooks, and Molinoff).

Mr. Savarese explained that the proposal includes two (2) parts; Tighe & Bond will make an assessment of the Jog Hill section and then will make recommendations. That is what the request is for. Hourly rates are included in the proposal, terms and conditions have been negotiated on behalf of the town; WPCA is in favor of the proposal. There are opinions on how things occurred in the project; the proposal would give them factual data to know for sure.

First Selectman Herbst stated that the forensic audit commissioned by the town indicated design plans prepared and used by the town to implement a sanitary sewer extension and elements of the actual construction, change orders and contract extensions that in some cases, not all, do not match the as-builts. The town needs to make sure that what was paid for is what was built.

Mr. Lupien and Mr. Palo raised questions that would need to be asked in executive session. Mr. Lupien stated he would be in favor to enter executive session if only those two (2) questions were discussed. The First Selectman noted that there is always the possibility that those two questions will raise an additional question that can only be discussed in Executive Session. Mr. Smith agreed.

Mr. Crooks questioned if the type of work being done under the contract approved at last month's meeting is similar to this proposal? Mr. Block explained that it is, in contract 4 Tighe & Bond will provide daily observation and construction administration. The actual physical video inspecting is being done by the contractor in contract 4, there has been some video testing done in contract 3, Tighe & Bond would then review contract 3, change orders, video inspection etc. Mr. Crooks noted that since this is similar should it be funded from the 59 account as is the \$961,000. Ms. Pires explained that the residents of contract 3 had already been assessed for Jog Hill.

In response to Mr. Crooks, Mr. Block stated the proposal goes through their initial project assessment, the WPCA has approved \$57,500; if more is needed they will have to go back and request more, the WPCA has not approved anything higher than \$57,500. The commissioners do receive progress reports and will know if they are getting closer. First Selectman Herbst stated that he had attended a WPCA meeting where they scrutinized every change order and line item before them for consideration; 90% of

the change orders were denied. They were denying \$325.00 change orders. They will closely scrutinize all of the money spent on contract 4 whether it is Mark IV or Tighe & Bond.

Mr. Lupien noted that contract/proposal contains soft language with regard to the fees, the action plan is very clearly defined, but the fee language could be tightened up.

Mr. Smith moved, seconded by Mr. Palo to add Executive Session to the agenda.

VOTE: Motion carried 4-2 (AGAINST: Lupien and Molinoff)

Mr. Smith moved, seconded by Mr. Palo to enter into Executive Session for the purpose of potential litigation discussion with Board of Finance members, Mr. Smith, Mr. Palo, Mr. Crooks, Ms. Misner, Mr. Lupien, Mr. Molinoff, First Selectman Herbst, Daniel Nelson, Chief of Staff, Maria Pires, Director of Finance, WPCA Commissioner Mr. Ennie DeVita, Town Engineer Stephen Savarese, Tighe & Bond Representative, Mr. Block present.

VOTE: Motion carried unanimously 4-2 (Against: Molinoff and Lupien).

Board of Finance members Mr. Smith, Mr. Palo, Mr. Crooks, Ms. Misner, Mr. Lupien, Mr. Molinoff, First Selectman Herbst, Daniel Nelson, Chief of Staff, Maria Pires, Director of Finance, WPCA Commissioner Mr. Ennie De Vita, Town Engineer Stephen Savarese, Tighe & Bond Representative, Mr. Block entered into Executive Session for the purpose of potential litigation at 8:50 p.m.

Mr. Molinoff moved, seconded Mr. Smith to end Executive session.

VOTE: Motion carried unanimously 6-0.

The BoF ended Executive Session at 9:01 p.m.

VOTE: Motion to approve 10-14-04 carried unanimously 6-0.

DISCUSSION ITEMS:

- Budget to Actual Expenditure Report for FYE 06/30/2011
- Budget to Actual Revenue Report for FYE 06/30/2011 and 06/30/2010
- Approved Supplemental Appropriations Report for FYE 06/30/2011

Mr. Crooks noted that all 3 discussion items could be discussed at one time. In response to Mr. Crooks, Ms. Pires stated that she would review the twenty (20) negatives and supplements in the Expenditures to Date Report to see if they are miscoded and will make the appropriate journals if necessary and report back on those items in the next month. With regard to Approved Supplemental Appropriations Report; \$18,203 was approved by the Town Council but not included in the report; that will be added to the report bringing the total supplemental(s) to \$140,977.

In response to a question from Mr. Palo with regard to the current year 2010-2011 Expenditure budget, Ms. Pires explained that the Police and Town pensions are both paid quarterly which would reflect that they are half way through the current year and have paid out two (2) payments that is why the employee benefits account is 40% used.

Custodial Services ancillary account is 92% expended because we encumber the entire contract and reports looks at both paid and encumbered.

ADJOURNMENT

There being no further business to discuss, upon motion made by Mr. Lupien and seconded by Mr. Molinoff the Board of Finance adjourned at 9:08 P.M.

Respectfully submitted,


Margaret Mastroni
Acting Clerk, Board of Finance

Southwest Conservation District Technical Services provided to the Town of
Trumbull, free of charge

2007

*04-10-07- Site visit to Twin Brooks Park to perform analysis of riparian buffers after severe flooding event. Long and Short term recommendations for repair, prevention, long term management.

2008

*03-18-08- Site visit and review of site plans and engineering report on Hidden Pond Development on Booth Hill Rd. Report generated

* 09-03-08- Review of second submittal for Hidden Pond LLC Site Plan, engineering, detention report, IWWC application. Report generated

*11-25-08- Review of 3rd submittal for Hidden Pond LLC Site Plan, engineering report, alternate site plan. Report generated

2009

* 04-14-09 - Provided contact information and exam location to a corporate engineering company for Erosion and Sedimentation Training opportunities and the regional CPESC Exams.

* 05-10-09 - Park & Rec. Dept. - Provided information and contact numbers to State & Federal Agencies for guidance on Flood Plain Management.

2010

* 04-16-2010- Magnet School Site visit and review of site plan drawings, storm water management report, wetlands assessment. Advisory report generated for IWWC to manage Trumbull's natural resources and wetlands.

* 08-25-10 - Erosion and Sedimentation Control issues along the Pequonnock River corridor were brought to the attention of the SWCD by a citizen. Complaint revolved around stream bank disturbances and lack of E&S controls employed on an approved dredging project in Old Mine Park.

The only donation made to SWCD was 7/1/08 in the amount of \$1,500 from the Town Hall-Contributions account #01013800-522208.